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Selection of Pilot Municipality - Governorates

Final Report

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Abstract

This report describes the process of selecting a pilot municipality in the governorates outside Amman for the implementation of a pilot business process re-engineering (BPR) project. Implementing the new model is expected to reduce the amount of time and effort needed to complete the mentioned process significantly. This report highlights the criteria and assessment approach to selecting the pilot municipality within the governorates outside the Greater Amman Area to undergo the BPR.

Abbreviations and Acronyms

BPR	Business process reengineering
MMRA	Ministry of Municipalities and Rural Affairs

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Executive Summary

This report describes the process of selecting a pilot municipality in the governorates outside Amman for the implementation of a pilot business process re-engineering (BPR) project. The primary objective behind this project is to measurably reduce compliance and administration costs for selected business processes at the selected municipality, which shall serve as a model that can be applied in the other municipalities in the governorates outside Greater Amman Area.

The criteria for selecting the municipality were developed by Al Jidara and AMIR multi-initiative BPR Taskforce and approved by the Ministry of Municipalities and Rural Affairs (MMRA). The Ministry nominated the five municipalities listed below to be evaluated for one to be selected as pilot:

- 1- Municipality of Madaba
- 2- Municipality of Karak
- 3- Municipality of Ma'an
- 4- Municipality of Jerash
- 5- Municipality of Ramtha

Two-phased selection criteria were applied to the five municipalities that led to the selection of the municipality of Madaba due of its higher level of readiness and the higher level of impact expected from implementing the pilot project in its area.

1 Background

Several AMIR Program studies have identified that the existing business licensing and permitting practices as being unnecessarily costly to investors seeking to establish new businesses.¹

This project proposes to implement a pilot project in two municipalities one within the area of Greater Amman and the other in a governorate outside Amman, with the aim of developing a model licensing/permitting process that can be applied to other municipalities in the Kingdom. The pilot will seek to simplify the fulfillment of existing legal requirements.²

The first part of the project has already been completed with the municipality of Wadiseer being the selected pilot in the Greater Amman Area. The effort entailed mapping out and analyzing the processes related to professional licensing, and developing a new model for issuing and renewing professional licenses as well as for issuing health licenses.

Implementing the new model is expected to reduce the amount of time and effort needed to complete the mentioned process significantly. This report highlights the criteria and assessment approach to selecting the pilot municipality within the governorates outside the Greater Amman Area to undergo the BPR.

¹See the following papers:

Concepts for the AMIR Program's Pilot Municipality Business Process Re-engineering, Micro-Enterprise Initiative (MEI), October 2002.

Microinvestor Roadmap Phase I – Outline of Microenterprise Registration and Licensing Process, February 2002 (Suhair Khatib and Andrew Baird for MEI, AMIR).

Entrepreneur Roadmap Phase II – Validation of Phase I Findings, May 2002 (Suhair Khatib and Andrew Baird for MEI, AMIR).

Microentrepreneur Roadmap Focus Groups, May 2002 (CDG for MEI, AMIR).

Business Process Reengineering: Company Controller Directorate & Company Registry Directorate, Phase 1 - Project Design Proposal, December 2002 (James Reynold for AMIR).

Investor Roadmap, October 2002 (TSG for PSPI, AMIR) – see especially Chapter 3 'Reporting'.

Business Licensing, June 1999, (IBLAW Presentation).

² See *Municipal Licensing Pilot Project Concept Paper by the Micro-Enterprise Initiative (MEI), the Private Sector Policy Initiative (PSPI) and the Information and Communications Technology Initiative (ICTI) of the AMIR Program and Al-Jidara, consortium member of the AMIR Program*

2 Evaluation Process

Selecting the pilot municipality is the initiating step for the project of re-engineering the municipal professional licensing process. Choosing the appropriate municipality entails evaluating the potential impact of implementing the project on the selected municipality and how representative this municipality is in terms of size and type of processes. The evaluation also aims at ensuring that the municipality management and staff are sufficiently motivated and committed towards the success of the project.

The evaluation of the nominated municipalities was done in two phases. During the first phase, the municipalities were evaluated through a desk research, which analyzed the figures provided by the MMRA for the number of existing and new professional licenses during the past three years and the diversity of professional sectors in those areas in addition to the income generated from licensing. Based on this evaluation, the municipalities that had a low number of licenses and/or witnessed a slow growth of new businesses were disqualified because of the low potential impact of implementing the project there.

The remaining (qualified) municipalities were taken to the next second phase where a wider set of criteria was applied based on the following drivers:

- Consistency with Jordan's economic and social priorities.
- Potential for integration with other AMIR projects.
- Impact (how many businesses it affects),
- Readiness (municipal capacity in terms of staffing skills, IT capacity, quality concern, etc).

The readiness of the qualified municipalities was assessed through site visits by the project team and meetings with the directors and key staff of each municipality.

2.1 Phase I: Preliminary Evaluation

The figures provided by MMRA for the professional licensing activities at the nominated municipalities during the past three years are compiled in the table shown in Annex 1. The table shows the number of existing and new licenses in each municipality during the past three years and their breakdown into the different sectors, it also shows the income generated by those licenses. It was noted however that the total number of licenses according to sectors in Madaba was different than the actual total number of licenses; this can be explained by the practice of double classification used in the municipality where licenses are very often classified in more than one sector especially in the trade and service sectors. This inconsistency in numbers appears also in Ma'an but without a clear explanation.

Analyzing the given numbers showed that the total number of licenses -including the new ones- in Karak and Ma'an was much lower than the total number of licenses in the other municipalities. It was also noted that the number of new licenses in Jerash is low and was decreasing sharply during the last three years.

According to this, and to avoid selecting a municipality where the project would have a low or invisible impact, the municipalities of Ma'an, Karak and Jerash were excluded from the list and the municipalities of Madaba and Ramtha were qualified for final evaluation.

Consequently, two visits were planned for the municipalities of Madaba and Ramtha to meet with their respective management and key staff, and to evaluate the municipalities' readiness first-hand.

2.2 Final Evaluation

2.1.1 Final Evaluation Criteria

Based on the objectives mentioned above, the criteria for evaluating the municipalities is broken down as described below.

2.1.2 Consistency with Jordan's Economic and Social Priorities

This factor looks at the economic and social priorities of Jordan and the government's development programs in the different areas of the country, and tries to link the selection of the municipality with those priorities and programs.

2.1.3 Integration with other AMIR Program Projects

This factor aims at linking the selection of the pilot municipality with other programs implemented by AMIR in its area. The possible integration of those projects with this one would improve its potential impact.

2.1.4 Impact of Municipality

- Processed licenses: in terms of volume and annual generated revenue for licensing.
- Potential for growth: based on historical growth for the previous three years, in addition to available unutilized areas that are expected to witness business investments.
- Variety of licenses: in terms of providing commercial and/or industrial licenses, as well to the diversity of the business size in that area.

2.1.5 Readiness of Municipality

- Employee readiness: the municipalities' staff willingness to work and improve the current practices.
- Municipality management buy-in: willingness to support the pilot project and empower improvements.
- Clearness of processes: in terms of existing documentation for the current processes in conjunction with the staff awareness and implementation of the documented processes.
- Preliminary IT infrastructure: a detailed e-readiness assessment of the selected municipality will take place at later stage of this pilot project as per the concept paper.

3. Assessment Results

3.1 Assessment of Nominated Municipalities

This assessment is based on field visits and discussions with the management and staff of nominated municipalities, as well as a thorough analysis of the relevant statistics provided by MMRA and the municipalities. The assessment revealed the following:

Area of Comparison	Municipality of Madaba ³	Municipality of Ramtha	Comments
Consistency with Jordan's Economic and Social Priorities	-.	-	Because of the existence of many tourist attractions, Madaba is considered as one of the most important touristic areas in Jordan. Ramtha on the other hand and as a border point with Syria witnesses an active flow of trade and people, this flow however was affected measurably by the opening of another border point (Jaber) at Sama AlSarhan area. In addition, the proximity of Madaba to Amman attracted many businesses to the area especially in the fields of industry and agriculture (e.g. Coca-Cola Bottling, AlRazi pharmaceuticals, Furat Water...etc.), this trend is expected to increase and hence contribute to the future growth of businesses.
Integration (Incorporation) with other AMIR projects	-	-	Several AMIR projects that are implemented on the national level in Jordan exist at both areas. However, three specific AMIR projects implemented by the ICT initiative are implemented in the area of Madaba , those projects are: <ul style="list-style-type: none"> 1- The knowledge stations (Lubb & Mleih). 2- the e-village. 3- NetCorps Jordan program.
Impact			
Volume of Licenses	Average number of professional Licenses (2001-2003) is 2343	Average number of professional Licenses (2001-2003) is 1413	The average number of licenses in Madaba is 66% more than the number of licenses in Ramtha. According to the officials at Ramtha, the anticipated number of actual active licenses there does not exceed 1300. Many licenses are issued for the purpose of getting import licenses only and are not actually active.
Annual Revenue	JD 79,068	JD 34,089	The average total revenue is 132% higher in

³Source: MoGA statistics .

	Average (2001-2003)	Average (2001-2003)	Madaba than in Ramtha.
Potential for Growth (Percentage increase in professional licenses)	5.2%decrease (2002-2003)	99% increase (2002-2003)	While Madaba witnessed a decrease in the number of licenses between 2002 and 2003, Ramtha witnessed a dramatic increase during the same period which was attributed to the municipality’s exceptional activity in following up the non-licensed businesses during those two years. According to the respective municipality officials, the number of licenses is expected to increase this year in Madaba while it is expected to decrease considerably in Ramtha.
Variety of Licenses	Commercial+ Handicrafts+ Tourism	Commercial+ Handicrafts+ Industrial	Commercial licenses constitute the largest share of licenses in both municipalities; both municipalities also have handicraft licenses in the second place. The Municipality of Ramtha however has a higher number of industrial licenses while the Municipality of Madaba enjoys the existence of a small number of tourism licenses which does not exist at all in Ramtha.
General Comments	<ul style="list-style-type: none">➤ The population of Madaba is 46.5% higher than the population of Ramtha.➤ Both municipalities cover almost the same area.➤ The municipality of Madaba –as opposed to Ramtha- is a central municipality making project roll-out to other similar municipalities (Salt, Zarqa, Irbid,...etc.) more feasible.		
2. Readiness			
Employees readiness and willingness to work and change	-	-	Employees at both municipalities showed almost the same level of readiness and willingness to change.
Management buy-in	-	-	Both Municipalities showed an adequate cooperation- on the management and staff level- and willingness to simplify and improve the systems in place. The meetings with the Municipality of Madaba was attended by the director of the municipality in addition to the Head of the financial department, the head of the professional licensing division and a member of the board. The meeting with Ramtha municipality was attended by the director and the head of the licensing division.
Clearness of processes	-	-	Processes are unclear and inconsistent at both municipalities. However, it was found that Municipality of Ramtha does not coordinate with most of the other government entities including CDD, in some cases, requirements imposed by law such as registration at MIT and chambers of trade and industry were ignored. In

			addition, the Municipality of Ramtha does not issue a health license due to the absence of a municipality doctor.
IT infrastructure	-	-	<p>Municipality of Ramtha does not use computers for any of its professional licensing-related processes. Municipality of Madaba, on the other hand, has an active website under the registered domain (www.greatmadaba.com).</p> <p>The website provides general information about Madaba and very basic information about professional licensing. The Municipality also has IT infrastructure with a network and a server in place. <i>Note: The Professional Licensing Division head has also referred to an Electronic Professional Licensing database that was halted due to lack of technical staff and system maintenance.</i></p>

3.2 Recommendation

Based on the above assessment results, it is recommended to select the Municipality of Madaba for the Municipal Licensing Pilot Project of the Municipal BPR outside Amman for the following reasons:

- 1- Implementing the project at the Municipality of Madaba will have a higher impact due to the bigger number of licenses issued, as well as to the diversity in- and the higher expected growth of- business activities in the area.
- 2- The level of readiness of the Municipality of Madaba is higher especially in terms of clearness of processes and their consistency in addition to the availability of a preliminary IT infrastructure.
- 3- The existence of other AMIR projects at the governorate of Madaba, which may be linked to this project.

This recommendation was discussed with and approved by MMRA officials.

Annex 1: Number of Professional Licenses Issued

Municipality	Jerash			Ma'an			Madaba			Karak			Ramtha		
Year	2001	2002	2003	2001	2002	2003	2001	2002	2003	2001	2002	2003	2001	2002	2003
No. existing Prof. Licenses	1,450	1,430	1,400	586	668	562	2,074	2,037	1,985	600	620	700	926	1,053	1,116
No. new licenses	120	71	68	113	66	63	326	340	268	20	80	100	135	337	671
Total	1,570	1,501	1,468	699	734	625	2,400	2,377	2,253	620	700	800	1,061	1,390	1,787
Sectors:															
Trade	1,313	1,222	1,196	150	103	101	1,832	1,787	1,725	300	350	400	673	882	1,170
Handicrafts	146	157	154	55	50	50	240	250	260	90	90	105	186	221	290
Industrial	9	11	9	-	-	-	7	7	7	30	32	50	46	58	65
Touristic	-	-	-	1	1	1	11	11	11	20	20	15	-	-	-
Services	79	86	83	40	35	25	2,064	1,810	1,867	165	170	203	153	224	257
Agricultural	18	21	22	1	2	1	-	-	-	45	38	27	3	5	5
Others	5	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (JD)	42,002	39,989	39,185	35,401	39,442	33,607	79,600	78,980	78,625	32,500	36,360	41,089	31,505	34,676	36,085
Population (2002)	57,619			30,003			100,488			65,989			68,561		